CANADA - PRINCE EDWARD ISLAND
AGREEMENT ON TRANSPORTATION DEVELOPMENT

THIS AGREEMENT made this day of , 1984.

BETWEEN: THE GOVERNMENT OF CANADA (herein referred to as "Canada"), represented herein by the Minister of Transport.

OF THE FIRST PART,

AND: THE GOVERNMENT OF THE PROVINCE OF PRINCE EDWARD ISLAND (herein referred to as "Prince Edward Island"), represented herein by the Minister of Transportation and Public Works.

OF THE SECOND PART,

WHEREAS, Canada and Prince Edward Island entered into the Canada-Prince Edward Island Economic and Regional Development Agreement on , 1984.

AND WHEREAS, this prior Agreement provides, in part, for the entering into of subsidiary agreements providing for:

(a) the coordination of existing federal and provincial policies, programs or activities which support the measures to be implemented, including measures for human resource development;

(b) support, including financial assistance not available under other existing government programs;

(c) outlines of the activities and responsibilities of each government with respect to the measures;

(d) the division of costs between each government and the maximum amount thereof to be incurred; and

(e) where the costs of any measures are to be shared between Canada and Prince Edward Island, cost-sharing arrangements and the procedure for submission and reimbursement of claims between the parties and, where appropriate, for advance payments and reimbursement by way of progress claims;

AND WHEREAS, transportation has been identified by Canada and Prince Edward Island as an essential element in the development of the economy of Prince Edward Island;

AND WHEREAS, improved transportation services and infrastructure are consistent with the joint long-term strategic planning relating to social and economic development that is now being undertaken by Canada and Prince Edward Island;

AND WHEREAS, the Governor in Council by Order in Council, P.C. No. 1984-1834 of the 29th day of May, 1984, has authorized the Minister of Transport to enter into this Agreement on behalf of Canada;

AND WHEREAS, the Lieutenant Governor in Council by Order in Council of , 1984, authorized the Minister of Transportation and Public Works to enter into this Agreement on behalf of Prince Edward Island.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of these premises, the parties covenant and agree as follows:

1. DEFINITIONS

1.1 In this Agreement:

(a) "cost-shared project" means a project that is jointly funded by both parties to this Agreement;

(b) "eligible costs" means costs as defined in sub-clause 7.1;

(c) "ERDA" means the Canada-Prince Edward Island Economic and Regional Development Agreement made on 1984;

(d) "Federal Minister" means the Minister of Transport for Canada and includes any person authorized by him to act on his behalf;

(e) "fiscal year" means the period starting on April 1st of any year and ending on March 31st of the following year;.

(f) "implementing party" means the party to this Agreement that is responsible for delivering a project hereunder;

(g) "Management Committee" means the committee established pursuant to sub-clause 4.1 of this Agreement;

(h) "Ministers" means the Federal Minister and the Provincial Minister;

(i) "program" means a program described in Schedules "A" and "B" of this Agreement;

(j) "project" means a subdivision of a program described in Schedules "A" and "B" of this Agreement; and

(k) "Provincial Minister" means the Minister of Transportation and Public Works for Prince Edward Island and includes any person authorized to act on his behalf.

2. PURPOSE AND OBJECTIVE

2.1 The purpose of this Agreement is to establish a framework for the implementation of the programs outlined in Schedules "A" and "B" hereto that have as their objective the development of Prince Edward Island transportation infrastructure so as to improve transportation services within Prince Edward Island and between Prince Edward Island and other parts of Canada.

3. UNDERTAKINGS

3.1 To achieve the objective set out in sub-clause 2.1, each party shall undertake to pursue, in accordance with its laws and policies, the programs set out in Schedules "A" and "B" for which it is responsible under the terms of this Agreement.

4. MANAGEMENT AND COORDINATION

4.1 A Management Committee shall be established as of the date of the execution of this Agreement.

4.2 The Management Committee shall be responsible for the general administration and management of this Agreement.

4.3 Pursuant to sub-clauses 6.2 and 6.3 of the ERDA, the Management Committee shall consist of four members as follows:

(a) one voting member to be appointed by the Federal Minister;

(b) one voting member to be appointed by the Provincial Minister;

(c) one non-voting member to be appointed by the Minister of State for Economic and Regional Development;

(d) one non-voting member to be appointed by the Premier of Prince Edward Island.

4.4 Each voting member of the Management Committee may, in writing, authorize a person to attend and to vote at any meeting of that Committee on his behalf.

4.5 The Management Committee shall be responsible for ensuring that the purpose and objective and terms and conditions of this Agreement are fulfilled and shall be responsible for the

overall management and administration of this Agreement, including, without restricting the generality of the foregoing:

(a) the general administration of this Agreement including the design and implementation of all necessary working procedures;

(b) the preparation and submission to the Ministers annually, during the currency of this Agreement, of a work plan identifying which of the projects referred to in Schedules "A" and "B" will be carried out in the ensuing year and by whom, the date by which the Management Committee anticipates that those projects will be completed, the budgeted eligible costs that are to be attributed to each project in the year, and the share of the costs to be attributed to each party;

(c) the submission of annual reports to the Ministers on the progress achieved under this Agreement in advance of the annual meeting of the Ministers referred to in sub-clause 5.1 of the ERDA or otherwise as requested;

(d) the preparation of quarterly estimates of actual and anticipated cash flows by year and by program pursuant to sub-clause 6.4 of the ERDA;

(e) the provision of assistance to the Coordinators appointed pursuant to sub-clause 5.2;

(f) the development of a public information program that will provide, wherever possible and in a manner satisfactory to both Ministers, for the continuing recognition of the respective contributions of Canada and Prince Edward Island under this Agreement.

4.6 The powers, duties and functions of the Management Committee shall be to:

(a) approve any cost-shared project to be carried out pursuant to this Agreement and to review the descriptions of any project other than a cost-shared project;

(b) ensure that any contracts or arrangements made by an implementing party with a third party pursuant to this Agreement incorporate all relevant provisions of this Agreement;

(c) recommend to the Ministers any amendment of this Agreement that would involve the transfer of responsibility for the implementation of a program from one of the parties to the other or the transfer of funds from one program outlined in Schedules "A" or "B" to another;

(d) recommend to Ministers any amendment to this Agreement that would involve the addition, deletion or modification of any program or project where such addition, deletion or modification is consistent with the purpose and objectives of this Agreement; and

(e) perform any other duties, powers or functions specified elsewhere in this Agreement or in the ERDA or that may be assigned to the Management Committee by the Ministers jointly in writing.

4.7 The quorum for all meetings of the Management Committee shall be two voting members or their representatives duly authorized pursuant to clause 4.3

4.8 Decisions of the Management Committee shall be in writing and shall be acted on only if taken unanimously by its voting members.

4.9 Any matter with respect to which the Management Committee is not unanimous shall be referred to the Ministers.

4.10 The Management Committee shall continue to exist and to operate for a period of twenty-four calendar months following the date of termination or expiry of this Agreement.

5. ADMINISTRATION

5.1 Before a project arising from a program outlined in Schedules "A" and "B" shall be deemed for the purpose of this Agreement to be a project hereunder, such project must be approved:

(a) in the case of a cost-shared project, by the Management Committee; or

(b) in the case of a project other than a cost-shared project, by the Federal Minister if Canada is the implementing party or by the Provincial Minister if Prince Edward Island is the implementing party.

5.2 Each project hereunder shall be described in a Project Authorization Form approved by the Management Committee.

5.3 No project hereunder may be approved after the date of termination or expiry of this Agreement and no costs incurred more than one year after such date may be eligible costs as defined in clause 7.1.

5.4 No claims for costs or reimbursements made more than two years after the date of termination or expiry of this Agreement shall be paid under this Agreement.

6. CONTRACT PROCEDURES

6.1 The implementing party for any project hereunder shall be responsible for taking such steps as may be necessary to carry out that project and, in particular, may enter into one or more contracts for this purpose or may utilize its own resources.

6.2 The implementing party for any project hereunder may arrange with the other party hereto for the delivery of all or part of a project hereunder which it has the responsibility to implement.

6.3 Any contract entered into by the implementing party with a third party for any project hereunder shall be awarded and administered in accordance with the administrative and management procedures of such implementing party.

6.4 Reports, documents, plans, maps and other materials prepared by a third party who has been awarded a contract by the implementing party for any cost-shared project hereunder in connection with such a project shall become the property of the said implementing party and the said implementing party shall on request share with the other party hereto the aforementioned reports, documents, plans, maps and other materials that it acquires as a result of carrying out its responsibilities under this Agreement.

6.5 The implementing party for any project hereunder shall afford Canadian suppliers of labour, goods and services a full and fair opportunity to compete for any contract that is let by that party pursuant to this Agreement.

6.6 Any contract made by an implementing party with a third party pursuant to this Agrement shall provide:

(a) that any member of the Management Committee or its authorized representative shall be permitted to inspect the subject matter of the contract at all reasonable times;

(b) that the third party will respect all applicable labour laws and standards; and

(c) that the third party shall undertake to indemnify or to provide a suitable insurance policy for the benefit of both parties hereto.

6.7 The implementing party for any project hereunder shall indemnify the other party hereto, its officers, servants and agents against all claims and demands of any third party arising out of the implementation of such project except to the extent that claims and demands relate to the act of negligence of any officer, employee or agent of that other party.

6.8 Where any project hereunder is not completed on the date of termination or expiry of this Agreement, the provisions of this Agreement shall, not withstanding termination or expiry, continue in force and effect and shall apply to that project until it is completed or until twelve calendar months have elapsed after the date of termination or expiry, whichever comes first.

6.9 When any project hereunder is completed, the implmenting party or the third party assigned the continuing responsibility for that project shall take over full responsibility of that project's operation, maintenance and repair except in cases where other arrangements are agreed between the parties hereto.

6.10 Where the continuing operation, maintenance and repair of any project hereunder is to be vested in a third party, the contractual arrangements made between the implementing party and the said third party shall provide a clause absolving Canada and Prince Edward Island from liability for any claims, demands, actions or causes of action that may be made against them arising out of the operation, maintenance or repair of any such project.

7. PAYMENT PROCEDURES

7.1 For the purpose of this section, "eligible costs" means all costs reasonably incurred by the implementing party for a project hereunder in connection with such project that are:

(a) invoiced by a third party to the implementing party under a contract entered into by the implementing party with the said third party;

(b) defined and determined by the Management Committee;

but shall not include costs that are a salary or benefit paid by either party to any of its permanent employees.

7.2 The implementing party for a cost-shared project hereunder shall be responsible in the first instance for paying all costs of implementing the said project and shall apply its usual payment procedures thereto.

7.3 Subject to clauses 5.3 and 5.4 the implementing party for a cost-shared project hereunder shall be entitled to recover from the other party hereto that other party's share of the eligible costs of the said projet that it has incurred and expended.

7.4 The Management Committee shall be kept informed of all claims, interim payments and adjustments by the parties hereto in respect of a cost-shared project hereunder.

7.5 In order to assist the implementing party with the interim financing of the other party's share of the anticipated eligible costs of a cost-shared project, the other party may, at the request of the implementing party, make quarterly interim payments based on a forecast of its share of the eligible costs prepared and certified by a senior officer of the implementing party.

7.6 Where both parties request quarterly interim payments for different cost-shared projects in the same quarter the amounts thereof shall be offset by the Management Committee.

7.7 Claims setting out the costs actually incurred and paid by the implementing party in respect of a cost-shared project shall be prepared by the implemeting party, certified by a senior financial officer of that party and submitted within the first two months of the end of each quarter during the currency of this Agreement.

7.8 Notwithstanding anything in sub-clause 7.5, the implementing party for a cost-shared project hereunder shall not be entitled to any quarterly interim payment in a subsequent fiscal year until all the quarterly interim payments received by such implementing party in a previous fiscal year have been repaid or accounted for.

8. FINANCING

8.1 Notwithstanding any other clause of this Agreement, Canada's expenditures in respect of projects hereunder, whether for cost-shared projects or other than cost-shared projects, shall not exceed twenty-five million dollars ($25,000,000).

8.2 Notwithstanding any other clause of this Agreement, Prince Edward Island's expenditures in respect of projects hereunder, whether cost-shared projects or other than cost-shared projects, this Agreement shall not exceed sixteen million, nine hundred thousand dollars ($16,900,000).

8.3 The monetary obligations of Canada hereunder are subject to the express condition that there be an appropriation by the Parliament of Canada of the monies required therefor for the fiscal year in which any such obligation would come due.

8.4 The monetary obligations of Prince Edward Island hereunder are subject to the express condition that there be an appropriation by the Legislative Assembly of Prince Edward Island of the monies required therefor for the fiscal year in which any such obligation would come due.

8.5 Unless otherwise approved jointly by the Federal Minister and Provincial Minister, the parties hereto shall fund any cost-shared project in the same proportion as they have agreed to fund the program outlined in Schedules "A" and "B" from which the project arises.

9. AUDIT PROCEDURES

9.1 Each of the parties shall ensure that proper and accurate accounts and records are kept and maintained during the currency of this Agreement and for three years following the date of termination or expiry of this Agreement with respect to each project it is implementing and shall make those accounts and records available to the other party for inspection.

9.2 Each of the parties hereto may audit the amounts of all claims of the other in respect of any cost-shared project hereunder which the other has implemented and the accounts and records related thereto and any discrepancy between the amounts paid by any of the parties hereto and the amounts payable under this Agreement shall promptly be adjusted between the parties.

9.3 Each party shall provide to any member of the Management Committee on request all available information concerning a cost-shared project hereunder that has been undertaken or completed and the costs incurred with respect to any such project.

10. COMMUNICATIONS

10.1 The Management Committee shall develop a public information program relating to projects undertaken or completed pursuant to this Agreement that is satisfactory to both Ministers.

10.2 Any public announcement or report relating to a cost-shared project undertaken or completed pursuant to this Agreement, and any official ceremony in respect of such a project shall be arranged by the Management Committee.

10.3 Subject to sub-clause 10.4, in the case of projects other than cost-shared projects announcements, release or reports and other activities shall be arranged by the Federal Minster for projects implemented by Canada and by the Provincial Minister for projects implemented by Prince Edward Island.

10.4 In all public information activities the parties shall be guided by the principles that all interested persons should be kept informed, that the contributions of both Parties should be acknowledged and that both Parties should have an opportunity to participate.

11. EVALUATION

11.1 During the life of this Agreement, the parties shall carry out an assessment of the work based on the purpose and objectives of this Agreement and each shall provide the other with such information as may reasonably be required to carry out this assessment.

11.2 Prior to September 30, 1984, the Management Committee shall develop a plan for evaluating programs outlined in Schedules "A" and "B" hereto that identifies major items for evaluation and allocates responsibilities for

data collection and other evaluation activities and the timing or nature of any interim reports.

11.3 A final evaluation report shall be submitted to the Ministers by the Management Committee between six and twelve months after the date of termination or expiry of this Agreement.

12. GENERAL

12.1 This Agreement shall take effect on _____ , 1984 and, subject to clause 12.2, shall expire on _____ , 1989.

12.2 Notwithstanding clause 12.1, this Agreement may be terminated at the end of any fiscal year following the expiry of at least three years from the date of execution hereof by either party giving to the other at least two clear fiscal years' notice in writing.

12.3 The Ministers may jointly, in writing, amend any of the provisions of this Agreement but no amendements to clauses 3.1, 4.1, 4.2, 4.3, 5.3, 6.5, 8.1, 8.2 and 12.7 and no amendments that would alter the nature of the programs described in Schedules "A" and "B" shall be made without the approval of the Governor-in-Council and the Lieutenant Governor-in-Council.

12.4 The laws in effect in Prince Edward Island shall apply to this Agreement.

12.5 Any contribution paid by Canada shall be exempt from the applications of section 5 of the Fair Wages and Hours of Labour Act, R.S.C. 1970, c.L-3.

12.6 Nothing in this Agreement is to be construed as authorizing one Party to contract for or to incur any obligation on behalf of the other or to act as agent for the other.

12.7 No member of the Parliament of Canada or the Legislative Assembly of Prince Edward Island shall be admitted to any share or part of any contract, agreement or commission made pursuant to this Agreement or to any benefit arising herefrom.

12.8 The terms and conditions of the ERDA shall apply to this Agreement.

12.9 This document and Schedules A and B form the entire Agreement.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Transport and on behalf of Prince Edward Island by the Minister of Transportation and Public Works this day of , 1984.

IN THE PRESENCE OF:

GOVERNMENT OF CANADA

Witness

Minister of Transport

GOVERNMENT OF PRINCE EDWARD ISLAND

Witness

Minister of Transportation and Public Works

Witness

Premier and President of the Executive Council

CANADA-PRINCE EDWARD ISLAND
AGREEMENT ON TRANSPORTATION DEVELOPMENT

SCHEDULE "A"

BACKGROUND

The factors and trends influencing the Prince Edward Island transportation system that have important implications for the economic development of the province are: the poor condition of the highway system combined with the growing importance of that system for commodity shipments and tourism, and the need to upgrade the major ports if they are to maintain their traditional roles and accommodate an increased volume of exports and imports.

Highways

The Island's highway network is an essential part of the transportation system. The automobile and chartered bus are keys to the tourist industry and trucking is an important component of the Island's freight services. Forecasts prepared by Transport Canada for passenger demand indicate that the private automobile will continue to be the single most important passenger mode on P.E.I. Freight forecasts also indicate, for the most part, increasing highway transport activity.

The Island's highway system is very costly to build and maintain because of the silty sand base, which lacks aggregates and is prone to heaving. During the period known as "spring break-up", this problem occurs when the movement of potatoes is at its peak: truck traffic is greatest at a time when the highways are at their most fragile. Once the surface is cracked, maintenance is arduous and if water penetrates the pavement, rehabilitation is required to avoid rapid deterioration.

During the five years from 1977/78 to 1981/82, Transport Canada contributed $7M to highway improvements in Prince Edward Island on a 50:50 cost-sharing basis under Phase I of the Primary Highway

Strengthening/Improvement Agreement. It is estimated that a further $8.5M will be contributed by the federal government during the five-year period 1982/83 to 1986/87 under Phase II of the Agreement on the same cost-sharing basis. This amount has served to upgrade part of the primary highway network in the province. Approximately $60 million would be required to complete the strengthening of the Island's primary highway system.

Ports

It is obvious that, in an island setting, ports are an essential adjunct to highway and rail freight and passenger transportation. Four ports identified by a major Transport Canada study as providing support for regional socio-economic activity and which require upgrading are:

- Charlottetown: used principally for passenger ships, importation of petroleum products and aggregates and export of potatoes, condensed milk and other commodities;

- Georgetown: used principally for the importation of aggregates and the export of potatoes and pulpwood;

- Summerside: used principally for the importation of aggregates and the export of potatoes; and

- Souris: used principally as a fishing port and a passenger and freight ferry terminal, with some importation of aggregates and export of pulpwood and potatoes.

Although tonnage is not expected to increase significantly in the next 10-15 years, the existing infrastructure will need to be improved and, in certain cases, extended to achieve maximum efficiency and safety in operations and to provide for any increase in use. The principal problems during the next two years are expected to relate to wharves:

- at Summerside, where dredging is required and railway wharf and docks need to be upgraded;

- at Souris, where the Usen landing and Eastpak wharf are in need of repairs;

- at Georgetown, where the wharf destroyed by fire in August, 1983, is currently being replaced.

Summerside and Charlottetown also suffer from the lack of adequate warehousing facilities.

Transport Canada recommends that Charlottetown be developed as a major regional port, but no work on the main cargo terminal can begin until the results of the waterfront study currently being carried out by the provincial government are available. The principal socio-economic benefit that would result from early initiatives at Souris and Summerside would be to enhance the development of the agri-foods, forest products and fisheries sectors of the Island economy that are projected under other proposed sub-agreements.

DEVELOPMENT OPPORTUNITY

In response to these and other evolutionary factors within the transportation system, and taking into account Prince Esward Island's economic prospects over the medium term, it is agreed that Canada and Prince Edward Island should cooperate in the development and application of transport-related policies and programs and that such cooperation and coordination is best facilitated through a subsidiary agreement made pursuant to the ERDA, having the following objectives:

- to complement the federal-provincial economic development strategy for Prince Edward Island outlined in Schedule A of the ERDA;

- to contribute to the development of an efficient and adequate national transportation system; and

- to support national strategic interests in areas such as forestry, agri-foods, fisheries, tourism and others that from time to time may be defined by the Government of Canada and the Province of P.E.I.

DEVELOPMENT STRATEGY

The objectives of the transportation system initiatives will be achieved through:

- providing for joint planning and analysis that will allow each level of government to act within its area of jurisdiction while having regard to a joint development framework; and

- improving or adjusting the transportation infrastructure to meet the development needs of the Island's economy.

The strategy will be implemented through a coordinated federal-provincial management structure that will ensure that implementation of projects under this Agreement will be coordinated and consistent with the initiatives set out in existing and future subsidiary agreements relating to other sectors of the economy.

PROGRAMS

The work to be undertaken under this Agreement falls into three programs, which will be jointly planned and coordinated by the Management Committee.

A. Highway Infrastructure Improvements

B. Ports Infrastructure Improvements

C. Research and Analysis

D. Communications and Administration

DESCRIPTION OF PROGRAMS

Program A - Highway Infrastructure Improvements

This program will be implemented by Prince Edward Island and cost shared 50/50 by Canada and Prince Edward Island.

In order to facilitate interprovincial trade utilizing the highway mode, a number of projects will be undertaken designed to improve the capacity and safety

of the primary highways. (Primary highways means routes 1, 1A, 2, 3 between Pooles Corner and Cherry Valley and 4 between Glenfanning and Primrose.) Of particular concern will be the strengthening of highways to better withstand the heavy traffic volumes which occur during the springtime. The roads on which a priority would be placed for the 1984 construction period are: Seven Mile Road on Route 4, from Glenfanning to Primrose; and Western Road on Route 2, from Alma to Profitts Creek. This program will be managed in accordance with the terms and conditions of the Primary Highway Strengthening Agreement.

Program B - Ports Infrastructure Improvements

This program will be implemented and entirely funded by Canada.

In order to facilitate interprovincial trade using the ports system and to make the system used for importing goods into the Island more economic, projects will be undertaken to improve the port facilities at two locations in the province: first, at Souris, to upgrade the Usen landing and Eastpak wharf; and at Summerside, to deepen the berth, upgrade the docks and improve and expand warehousing facilities.

Program C - Research and Analysis

This program will be implemented by Prince Edward Island and jointly funded by Canada and Prince Edward Island and will consist of various research projects. A high priority project will be research into road construction in the Province with the aim of extending the life of roads and diminish maintenance requirements. In addition, specific attention could be paid to ways of increasing highway strength in order to alleviate the costly weight limitations required each Spring.

Program D - Communication and Program Administration

Communcations Program. The objective of the communications program is to develop and implement a communications plan to service each project undertaken as part of this Agreement. The communications program

will support any activities deemed necessary to achieve the objectives of the Agreement.

Canada will fund and implement communications activities related to those projects which are 100% funded by Canada. Prince Edward Island will fund and implement communications activities related to those projects which are 100% funded by Prince Edward Island. For projects that are cost-shared, communications activities will be implemented by either Canada or Prince Edward Island, whichever is deemed appropriate by the Management Committee, with the implementing party being reimbursed by the other party for its share of the costs.

Administration and Evaluation. The projects will be evaluated in terms of their objectives. The Management Committee will establish a data base for the projects, possibly through an evaluation sub-committee, as a basis for reporting periodically to Ministers and for the evaluation. Canada will fund and implement evaluations for those projects which are 100% funded by Canada. Prince Edward Island will fund and implement evaluations which are 100% funded by Prince Edward Island. The evaluation of projects which are cost-shared will be undertaken by either Canada or Prince Edward Island, whichever is deemed appropriate by the Management Committee, with the implementing party being reimbursed by the other party for its share of the costs.

The Management Committee will be responsible for the administration of the Agreement, which will entail the development and maintenance of a suitable record and information system, including the evaluation data base, the management of the contract work load and the necessary financial management. Program administration activities will be undertaken separately by Canada and Prince Edward Island.

CANADA-PRINCE EDWARD ISLAND
AGREEMENT ON TRANSPORTATION DEVELOPMENT

SUMMARY OF ESTIMATED COSTS 1984-89
($000,000's)

SCHEDULE "B"

AREA/PROGRAM	FEDERAL SHARE	PROVINCIAL SHARE	TOTAL 5 YEARS
Program A			
Highway and Road Improvements	16.4	16.4	32.8
Program B			
Ports Development	8.1	--	8.1
Program C			
Research and Analysis	0.25	0.25	0.5
Program D			
Communications Evaluation and Administration	0.25	0.25	0.5